

To the Members of the Joint Board:

This letter is in response to the recent request for public comments on the possible revisions to the regulations governing actuarial services under ERISA. These comments reflect my own opinion and are independent of my employer and any other organization.

My sole comment is with respect to Continuing Professional Education (CPE). Under current regulations CPE credits are categorized as Core or Non-core. Specific quotas are set for total CPE credits and for Core credits. I recommend that the Joint Board consider broadening the definition of core topics to include pension accounting issues.

A major area of pension accounting measurement of obligations is highly similar to the valuation of funding liabilities. Knowledge in either area is highly transferable to the other.

A second justification is that the vast majority of DB plans covered by ERISA are also subject to pension accounting requirements. Many of the major issues of pension plan management revolve around the coordination of funding and accounting requirements. An actuary who was unfamiliar with pension accounting would be severely handicapped in assisting plan management with a comprehensive analysis of the plans financial status.

On the other hand, I do not feel it is necessary to include investment Topics in the core category. Investment issues tend to be separate from the purely actuarial issues.

Thank you very much for the opportunity to submit comments.

Richard Q. Wendt, FSA, CFA, MAAA, EA

This email presents my comments on the general request for comments published June 30, 2004 in the Federal Register.

These comments are my personal views and do not necessarily represent the views of my employer or of any of the actuarial bodies of which I am a member.

1 Initially, the period of enrollment for an Enrolled Actuary was five years. That was reduced to three years on the adoption of the requirement for continuing professional education (CPE). In light of the substantial administrative complexity required for enrollment and re-enrollment, I urge the Joint Board to return to a 5-year enrollment period. I recommend that the required hours for such a period be 60 hours of which at least 30 hours be core. I recommend also that there be a minimum of at least 8 hours (of which at least four are core) in each of the five years. That would eliminate the possibility of someone earning all the hours in the first year and not bothering to continue with essential CPE in later years.

2 Consistent with a five year renewal period, I recommend that approved sponsors be approved for a ten-year period and that such renewals not occur coincident with the renewals of enrolled actuaries. I am not aware of any situation in which an approved sponsor has been deprived of sponsorship status for cause. Absent any general fear that sponsors might be unreliable, it is in everyone's interest that their renewal of status should be done effectively and efficiently and that nobody be at risk of earning credit hours that are later at risk of being declared invalid through the loss of sponsor status by the body that presented the relevant sessions.

3 I urge that all records be maintained electronically and that the natural method of providing and storing credit hours be done electronically. Given that each EA has a unique enrollment number, and given the ubiquitous availability of electronic communications, I recommend that the standard method of recording attendance at creditable sessions be an electronic file and the transmission of an electronic confirmation slip from the sponsor to the EA with an electronic copy to the Joint Board. In that way, the Joint Board would have regular up to date records of what CPE had been earned by each Enrolled Actuary throughout each enrollment cycle. While additional credits might be recorded elsewhere - for those sponsors and situations where electronic records were not possible - such a procedure would allow for the Joint Board to be aware of the credits earned by all EAs at all times. When the time came for renewal of enrollment, the Joint Board would already have proof on file of the credit hours earned by the vast majority of Enrolled Actuaries and would be able to issue provisional renewal certificates - which would be activated on the Enrolled Actuary authorizing payment of the fee electronically. This would greatly cut down on the amount of hard copy recordkeeping and would also greatly reduce the need for audit of earned credit hours.

4 I recommend that all existing approved sponsors be automatically granted renewal of sponsor status at the end of the current cycle for a period of ten years. This would be consistent with the above recommendations.

I may be reached by email at [harrington.j@mellon.com](mailto:harrington.j@mellon.com) and by phone at 212-330-1390 and by mail at Jan Harrington, 1 Penn Plaza #2900, New York, NY 10119.